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3622

DATE MAILED: 03/31/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

| | | | |
|------------------------------|--------------------------------------|---|--|
| Office Action Summary | Application No. 09/912,591 | Applicant(s) GALLAGHER, P. CHRISTOPHER J. | |
| | Examiner John Van Bramer | Art Unit 3622 | |

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 09 January 2006.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-149 is/are pending in the application.
 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-149 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
 a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Response to Amendment

1. The amendment filed on January 9, 2006 has been considered but is ineffective to overcome the Kalina (6,243,688) reference. The amendment did not add or delete any claims, but amended Claims 1, 37, 72, 77, 81, 86, 88, 91, 98, 134, 140, 144, 146, and 148. The currently pending claims considered below remain Claims 1-149.

Claim Rejections - 35 USC § 112

2. The amendment of January 9, 2006 corrected the 35 USC 112 second paragraph structural deficiencies detailed in the July 5, 2005 office action. Therefore, the Examiner hereby withdraws that rejection.
3. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.
4. Claims 1 – 149 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 1 – 36: Claim 1, step b recites that at least one investment is chosen from a plurality of vehicles for investment. One of the options within this plurality of vehicles is an equity vehicle whose appreciation or depreciation is determined by the financial performance of the incentive award program. Claim 1, step c recites that

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the incentive award is provided to the recipient if the equity vehicle chosen is the one that appreciates or depreciates based on the performance of the incentive award program. No step has been provided that details what occurs if another of the plurality of investment vehicles available is chosen. Corrective action is required.

Claims 37 - 149 suffer from the same deficiency. Corrective action is required.

Claim Rejections - 35 USC § 103

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. Claims 1-85, 91-145, 148, and 149 are rejected under 35 U.S.C. 103(a) as being unpatentable over Kalina (6,243,688) in view of Markowitz ("Hubco seeks loyalty with discount shares customers offered stock-purchase plan", The Record, Bergen County N.J., Mar 25, 1999, pg. B.01).

Claims 1, 37, 72, 77, 81, 91, 98, 134, 140, 144, and 148: Kalina

discloses a method and apparatus for an incentive award program, comprising:

- a. participating in a transaction having at least two transacting parties (merchant and customer)(col 5, line 61 – col 6, line 14);

- b. determining at least one of the transacting parties to be a recipient of an incentive award offered by the owner of the incentive award program, the incentive being at least one investment chosen from a plurality of investment vehicles (col 6, lines 15-41);
- c. providing the chosen incentive award to the recipient (col 5, lines 35-37 and col 6, lines 15-41); and
- d. displaying a certifying mark identifying the incentive award program (col 5, line 66 – col 6, line 14).

While Kalina does not explicitly state that one of the investment options is an investment vehicle that appreciates or depreciates based upon the financial performance of the incentive award program, it does disclose the use of common stock (Col 6, line 33). The common stock of a corporation can be directly affected by the success of the corporations incentive award program because a successful incentive award program will result in additional sales and therefore increase the value of the stock. Furthermore, Markowitz discloses the use of a customer loyalty program in which customers are offered options to purchase common stock in a company as a reward for their patronage of said company. It would have been obvious to one of ordinary skill in the art at the time of the invention to provide an option for investing in the companies stock. One would have been motivated to do this in order to provide customers with a real sense of ownership in the company and thereby increase their loyalty to the company, which would result in increased sales over the lifetime of the customer.

Claims 2, 14, 38, 52, 73, 78, 82, 92, 99, 135, 141, 145, and 149: Kalina discloses a method and apparatus for an incentive award program as in Claims 1, 37, 72, 77, 81, 86, 88, 91, 98, 134, 140, 144, 146, and 148 above, and further discloses the recipient choosing the at least one investment (col 2, lines 42-44 and col 5, lines 35-37).

Claims 3, 41, and 100: Kalina discloses a method and apparatus for an incentive award program as in Claims 1, 37, and 98 above, and further discloses that the participant is either one of the transacting parties or a third entity which only carries out the incentive program (col 4, line 53 – col 5, line 7).

Claims 4, 42, 51, and 101: Kalina discloses a method and apparatus for an incentive award program as in Claims 1, 37, and 98 above, and further discloses the transacting party is an entity engaging in a transaction (col 3, lines 18-52).

Claims 5, 43, and 102: Kalina discloses a method and apparatus for an incentive award program as in Claims 1, 37, and 98 above, and further discloses the total incentive award is the sum of all incentive awards provided to each recipient (col 6, lines 15-32).

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Claims 6, 44, and 103: Kalina discloses a method and apparatus for an incentive award program as in Claims 1, 37, and 98 above, and further discloses at least one transacting party pays a fee to the business entity providing the award program (col 4, lines 12-44).

Claims 7 and 104: Kalina discloses a method and apparatus for an incentive award program as in Claims 6 and 103 above, and further discloses at least one transacting party is a real estate agent and the recipient is at least one of the buyer, seller, lessor, lessee, real estate agent or agency, etc. (col 3, lines 50-52 and col 4, lines 35-37).

Claims 8, 45, 93, and 105: Kalina discloses a method and apparatus for an incentive award program as in Claims 1, 37, 91, and 98 above, and further discloses the business entity choosing the recipient (the reason why the business entity chooses the recipient is the intended use and/or desired outcome of using the invention – not part of the invention itself)(col 2, lines 42-47 and col 4, lines 1-10).

Claims 10, 35, 47, 70, 107, 132, and 138: Kalina discloses a method and apparatus for an incentive award program as in Claims 1, 37, 98, and 136 above, and further discloses the business entity chooses the investment vehicles from which the recipient selects (col 2, lines 42-47 and col 5, lines 8-26).

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Claims 11, 18, 29, 36, 48-50, 56, 66, 71, 108, 115, 133, and 139: Kalina discloses a method and apparatus for an incentive award program as in Claims 1, 28, 35, 37, 39, 65, 70, 98, 132, and 138 above, and further discloses various types of investment vehicles (col 5, lines 8-26).

Claims 12, 109, and 126: Kalina discloses a method and apparatus for an incentive award program as in Claims 1, 98, and 125 above, and further discloses the investment vehicle is a share of stock in the business entity (col 5, lines 8-26).

Claims 13 and 110: Kalina discloses a method and apparatus for an incentive award program as in Claims 1 and 98 above, and further discloses the investments having a range in degree of speculative risks (inherent in the wide range of possibly investment vehicles disclosed by Kalina)(col 5, lines 8-26).

Claims 15, 16, 19, 53, 54, 112, and 113: Kalina discloses a method and apparatus for an incentive award program as in Claims 1, 18, 37, and 98 above, and further discloses the value of the award is commensurate with the value (revenue) of the transaction (col 6, lines 15-32).

Claims 17, 20, 55, and 114: Kalina discloses a method and apparatus for an incentive award program as in Claims 15, 18, 53, and 98 above, and further

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discloses the value of the transaction is measured by at least two factors, such as total revenue, profitability, geographic location, etc. (col 4, lines 1-11).

Claims 21, 22, 57-59, and 116-119: Kalina discloses a method and apparatus for an incentive award program as in Claims 18, 56, and 115 above, and further discloses the incentive award and ratios being adjusted over time (col 4, lines 1-11).

Claims 23, 60, 94, and 120: Kalina discloses a method and apparatus for an incentive award program as in Claims 1, 37, 92, and 98 above, and further discloses crediting the award into a recipient's account, providing a periodic account statement, and cashing-in the incentive award on behalf of the recipient (col 4, lines 1-11 and col 4, line 53 – col 5, line 7).

Claims 24, 61, and 121: Kalina discloses a method and apparatus for an incentive award program as in Claims 23, 60, and 120 above, and further discloses various types of fees received by the business entity (col 4, lines 12-44).

Claims 25, 62, and 122: Kalina discloses a method and apparatus for an incentive award program as in Claims 24, 61, and 121 above, and further discloses various entities paying the fees (col 4, lines 12-44). The Examiner notes that the scope of these claims is so broad as to include any entity in the world ("any transacting party and any non-transacting party").

Claims 26, 27, 63, 64, 123, and 124: Kalina discloses a method and apparatus for an incentive award program as in Claims 23, 60, and 120 above, and further discloses crediting at least a portion of the incentive award to the recipient's account (col 5, lines 35-37 and col 6, lines 15-41).

Claims 28, 65, 95, and 125: Kalina discloses a method and apparatus for an incentive award program as in Claims 27, 64, 91, and 124 above, and further discloses determining the monetary value of the recipient's account on a predetermined date (col 4, line 53 – col 5, line 7).

Claims 30, 67, and 127: Kalina discloses a method and apparatus for an incentive award program as in Claims 23, 60, and 120 above, and further discloses that incentive awards may have expiration dates (col 1, lines 31-32).

Claims 31, 32, 128, and 129 Kalina discloses a method and apparatus for an incentive award program as in Claims 30 and 127 above, and further discloses the recipient of business entity selecting the cash-in date prior to the expiration date (col 6, lines 33-40).

Claims 33, 34, 68, 69, 96, 97, 130, and 131: Kalina discloses a method and apparatus for an incentive award program as in Claims 23, 60, 91, and 120 above,

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and further discloses cashing-in the incentive award by issuing investment instruments of the value of the incentive award (col 6, lines 33-40).

Claims 39, 40, 76, 136, 137, and 143: Kalina discloses a method and apparatus for an incentive award program as in Claims 37, 75, 134, and 142 above, and further discloses the transaction and award program being operated through websites on the Internet (col 5, lines 8-65).

Claim 74: Kalina discloses a method for an incentive award program as in Claim 72 above, and further discloses various types of transactions, such as credit, credit card, debit, debit card, Internet transactions, etc. (col 3, lines 28-52).

Claims 75 and 142: Kalina discloses a method and apparatus for an incentive award program as in Claims 74 and 140 above, and further discloses various communication means, such as electronic, telephonic, wireless means, etc. (col 3, lines 64-67 and col 4, lines 12-44).

Claims 79, 83, and 84: Kalina discloses a method and apparatus for an incentive award program as in Claims 77 and 82 above, and further discloses the certifying mark identifying the business entity and owner or authorized operator (e.g. the business entity) of the incentive award program (col 5, line 66 – col 6, line 14).

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Claims 80 and 85: Kalina discloses a method and apparatus for an incentive award program as in Claims 79 and 84 above, and further discloses the business entity granting a right to use the certifying mark to a transacting party (col 5, line 66 – col 6, line 14).

Claims 9, 46, and 106: Kalina discloses a method and apparatus for an incentive award program as in Claims 1, 37, and 98 above, and further discloses the recipient selecting one or more investment vehicles for the incentive award. However it is not explicitly disclosed that the recipient designates at least one other party to receive at least part of the recipient's incentive award. However, Official Notice is taken that it is old and well known for award recipients to designate a third party to receive some or all of their benefits (awards), such as celebrities donating some or all of the proceeds from a performance to a charity; a customer donating some or all of the change due from a transaction to a local charity, church, or school; etc. Therefore, it would have been obvious to one having ordinary skill in the art to allow the recipient in Kalina to select at least one other entity to receive a portion or all of the recipient's incentive award, such as selecting a savings bond payable to one of their children. One would have been motivated to allow the recipient to select such an additional recipient in view of Kalina's disclosure of the recipient selecting the investment vehicle.

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7. Claims 86-90, 146, and 147 are rejected under 35 U.S.C. 103(a) as being unpatentable over Kalina (6,243,688) in view of Markowitz ("Hubco seeks loyalty with discount shares customers offered stock-purchase plan", The Record, Bergen County N.J., Mar 25, 1999, pg. B.01) in further view of Ferguson et al (5,991,736).

Claims 86, 88, and 146: Kalina and Markowitz disclose a method and apparatus for an incentive award program, comprising:

- a. participating in a transaction having at least two transacting parties (merchant and customer)(col 5, line 61 – col 6, line 14);
- b. determining at least one of the transacting parties to be a recipient of an incentive award offered by the owner of the incentive award program, the incentive being at least one investment chosen from a plurality of investment vehicles (col 6, lines 15-41); and
- c. providing the chosen incentive award to the recipient (col 5, lines 35-37 and col 6, lines 15-41).

However, Kalina does not explicitly disclose also providing at least one transacting party with a chance to win at least one prize in a lottery. Ferguson discloses a similar method and apparatus for an incentive award program in which a transacting party's award account comprising at least one investment instrument, such as stocks, bonds, mutual funds, or an IRA (col 11, lines 29-35). Ferguson further discloses in the Background of the Invention section that award programs were known prior to 1997 in which the transacting party was awarded an

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“opportunity to win prizes such as merchandise, services, or vacation trips” (i.e. lottery or sweepstakes chances)(col 1, lines 43-44). Therefore, it would have been obvious to one having ordinary skill at the time the invention was made to also provide the transacting party in Kalina a chance to win at least one prize in a lottery. One would have been motivated to provide such a chance to the transacting party in order to give the customer some type of an incentive award that the sponsor thinks the customer will want” as discussed in Ferguson (col 1, lines 37-40).

Claims 87, 89, and 147: Kalina, Markowitz, and Ferguson disclose a method and apparatus for an incentive award program as in Claims 86, 88, and 146 above, and Kalina further discloses the recipient choosing the at least one investment (col 2, lines 42-44 and col 5, lines 35-37).

Claim 90: Kalina, Markowitz, and Ferguson disclose a method and apparatus for an incentive award program as in Claims 86 and 88 above, and Kalina further discloses the value of the award is commensurate with the value (revenue) of the transaction (col 6, lines 15-32).

Response to Arguments

8. Applicant's arguments with respect to claims 1 – 149 have been considered but are moot in view of the new ground(s) of rejection.

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- a. Applicant argues that Kalina does not disclose either a plurality of investment vehicles that comprise at least one equity vehicle whose appreciation or depreciation is determined by the financial performance of the incentive award program itself or an incentive award provided in such an equity vehicle. While the above office action uses additional art regarding this argument in an effort to further the prosecution of the application and to avoid unproductive argument regarding the interpretation of the Kalina reference, the examiner would like to point out that this feature is actually inherent in the Kalina reference. Kalina discloses the use of common stock as an investment option (Col 6, 33 – 35). Since there is no indication in Kalina that an attempt is made to preclude customers from buying stock in the corporation whose incentive program they have chosen to participate, customers are inherently offered the opportunity to purchase such a stock.\
- b. The applicant also argues that Kalina does not hint, suggest or imply that its incentive program enable giving an award in an investment vehicle that constitutes equity in the incentive award program itself. However, Kalina provides the ability to purchase common stock in the company providing the incentive award program. The purchase of such stock constitutes equity in the incentive award program itself since the success of the award program will have a direct impact on the corporation. Hence an increase in the profitability in the program itself, will in turn result in a tandem increase in the

value of the awards made. Additionally, if you own a portion of the company you implicitly own a portion of the incentive award program.

- c. In regards to the argument regarding limiting dilution of previously issued shares, the use of currently outstanding common stock or the issuance of new shares of common stock is a decision that all public and private corporations make. Therefore, this is also inherently disclosed in the Kalina reference.
- d. Regarding the applicants assertion that Kalina does not disclose a third party beneficiary, the examiner directs the applicant to Col 1, lines 58 – 65 of the Kalina reference. Most investment vehicles allow an individual to elect a beneficiary in the event of the individuals death, but insurance products require this. Therefore, Kalina inherently discloses the ability of an award recipient to elect a third party beneficiary.
- e. In regards to the applicant's assertion that Ferguson does not disclose the word lottery nor describe that concept, the examiner strongly disagrees. The concept of a lottery is simply to provide a mechanism in which a participant can win a prize. As the applicant admits that the concept of providing an opportunity to win prizes is disclosed in Ferguson, the examiner relies on this admission to affirm that the combined references do indeed teach a lottery. Furthermore, since a motivation for combining these references has been provided in the previous office action, the applicant's arguments to the

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contrary are considered spurious and do nothing to further the prosecution of the application.

Conclusion

9. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the mailing date of this final action.

10. Any inquiry concerning this communication or earlier communications from the examiner should be directed to John Van Bramer whose telephone number is (571) 272-8198. The examiner can normally be reached on 9am - 5pm Monday through Friday.


If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Eric Stamber can be reached on (571) 272-6724. The fax

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phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

jvb


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